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MINIMUM WAGES FOR WOMEN

SUMMARY

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MUCH as has been said of late about minimum wages for women, the questions raised have been dealt with but rarely in the light of economic theory. Economists seem to have been wary of applying to this concrete problem the general reasoning which figures so much in the treatises. A reluctance of the same sort is observable in their treatment of other current questions. What is the influence of immigration on the general rate of wages? What has economics to offer on the controversy between closed shop and open shop? What is the effect of a protective tariff on the rates of wages? The answers to such questions should at the least be made easier by economic theory; indeed, to aid in answering

them would seem the ultimate object of theory. Yet the economists have contributed much more to the accumulation of facts, the ascertainment of details, than to the elucidation of the broad general problems. Perhaps this restraint has been due to a consciousness that we are not sure of our ground. Economic theory is in a process of readjustment; our current formulas must be regarded as provisional; some at least among the next generation are likely to see new light in many directions. The egregious errors of which the economists of the first half of the nineteenth century were guilty when they applied off-hand the theories of their day, impose caution. But there is no more searching way of testing the generalizations of our own time than the attempt to apply them, perhaps to use them as the basis of prophecy. And if in the course of such applications our theories prove bad or useless, the sooner we find it out the better.

In the following pages I shall endeavor to consider the legislative measures for regulating women's wages in the light of some generally accepted economic principles. At the very outset let it be noted that the problem is in essential respects different for women's wages from what it is for men's wages. About minimum wages for men nothing will here be said. And as regards women, the wages of the lowest group only need be considered at this stage of American discussion and legislation. A wider application of the minimum wages principle is of course possible — to the establishment of a series of minima, for men and for women, and varying for the several grades of labor. But it is to a single minimum, designed to be effective for the lowest-paid grade of women's labor only, that legislation is directed in the United States; and the present paper will be restricted to this sort of regulation.

The broad facts are sufficiently known. They have been admirably set forth in compact form by Professor C. E. Persons in an article recently published in these columns.¹ Let me summarily recapitulate them. The number of women and girls employed in factories and shops is growing fast. It is growing particularly fast in the occupations classed by the census under the head of "trade and transportation," among which shops hold the first place for women. Both in the factories and shops the great majority of the women are young. Of all the women employed, at least half are between the ages of 16 and 25; among those who work in factories and shops, the proportion of young women is even greater. It follows that they are a shifting class, industrial birds of passage. One set enters the shops and factories and remains there a year or two, at most a few years. Its members marry, and are succeeded by a new set. Tho there are some older women in the group here under review — the lowest-paid group — it is made up chiefly of the young. And from their youth and the temporary nature of their work it follows that in the main they are unskilled or inexperienced; or, if skilled and experienced, only in such tasks as can be easily learned.

Again, the majority of these girls and women live at home. They are ordinarily members of a family group which makes common cause in domestic life. As Professor Persons sums up the outcome of his wide-ranging research: "It boots little to multiply illustrations. . . . The typical female workers are the eighty per cent living at home and contributing the larger part of their earnings to the family treasury. Twenty per cent of the girls at most are independent workers."

¹ "Women's Work and Wages in the United States," in this Journal, vol. xxix, p. 201 (Feb., 1915).

Finally, current wages are low, and are usually less than is reckoned necessary for the support of a woman living alone. As a rough generalization, it may be said that the wages of the young women who constitute the bulk of those employed in factories and shops range about \$6.00 a week. Investigations by various commissions lead to the conclusion that the minimum on which a woman dependent on herself can meet "the necessary cost of proper living" (some such phrase appears in the various statutes) is at the least \$8.00 a week. The usual wages of the great majority of women employed are less than this minimum.

Here is presented the first general question: are not the industries which employ these women to be deemed "parasitic"? Is it not clear that the women who receive but \$6.00 a week, and need \$8.00 for self-support, must have the difference made up somehow? The industries which employ them seem not to pay their way, and the consumers who buy the products do not recoup the full expenses of production. Is not the difference necessarily made up from some other source — by parents, by charities, perhaps by prostitution? This, as is familiar enough, is the ground most frequently urged for fixing minimum wages for women. Such legislation, it is maintained, recognizes an undeniable fact; it puts an end to a clear case of economic parasitism.

This version of the case has been stated so frequently and by such careful thinkers, and has been so little questioned — not directly questioned at all, so far as I know — that one must hesitate to take issue with it. And yet it seems more than questionable. It is not clear beyond peradventure that the case is one of parasitic industries; nor must the minimum needed for the support of the independent woman necessarily serve as the basis for legislative regulation.

By a "parasitic" industry is meant, I take it, one which necessarily entails some aid and payment from an extraneous source. The typical cases are those of industries employing adults who receive literally less than the bare physical minimum of subsistence. Such cases have been brought to our attention by Mr. Rowntree and others, in inquiries on the wages of British laborers of the lowest grade. Similar cases are to be found on the Continent, especially when the handicraft labor of former days is in process of being displaced by machine industry, the handicraftsmen clinging desperately and hopelessly to the ancient ways. Directly or indirectly the deficiency below the minimum of subsistence has to be made up from some source or other: through public or private charity, through higher taxes or larger doles. The consumer does not pay enough to support the poor creatures, and the general public, since it will not suffer them to starve, must in some way or other make up the difference.

It is not necessary here to consider the question in its larger aspects. The phrase, invented by the Webbs, is in danger of being overworked. The extent of strict parasitism is probably exaggerated. The human frame can endure most wretched conditions; the race can propagate and maintain its numbers on very low terms. Wages that we figure to be below the barest minimum prove not to be so. Reference to parasitic trades occasionally gives an appearance of calculating economy and of cool rationality to proposals which really rest on something better and are to be justified on higher grounds — sympathy with suffering and a will to put an end to it. But this is by the way: let it be assumed that there are in fact parasitic occupations in the sense indicated. Are the low wages of factory and shop women in this class?

The grounds on which they are supposed to be parasitic have been stated often enough. Those who live alone, away from home or without any home, do not get enough for support, if they receive only such wages as the majority get. This "if" is to be noted; for it is quite possible that the independent women, a minority of the whole, are usually in the better-paid positions, and are in the main identical with the minority who receive as much as the minimum for independent living. But of this more in another connection. As regards the majority, who live at home, we are told that their case is in no essential different from what it would be if they lived independently. They do not get enough to support themselves. The difference between what they earn and what is needed for their support is made up by other members of the family, usually by their parents.¹

The figures on which these statements rest are such as to arouse suspicion on their face. The minimum of subsistence is put at some such figure as \$8.00. This, it is reckoned, the young woman *must* have, even tho she lives at home. Now, it seems clear that her mother needs no less: the mother must have as much as the

¹ I quote the following from the Fourth Report of the New York Factory Investigating Commission (1915). The italics are mine. Professor H. R. Seager: "These unfortunates are partly supported now *at the expense of others*. Other members of the family contribute something, charity contributes something, prostitution contributes something, and some are slowly losing vitality and such efficiency as they have left because they are constantly overworked and underpaid. The industries that employ them have been characterized accurately as parasitic industries. They do not pay their way, and consumers who get goods cheaper in consequence are living at the expense of the sweated workers or of those who supplement their earnings to save them from the disastrous consequences of earning less than suffices for decent living."

Again, the Massachusetts Wage Commission, in its Report on Recommendations of the Candy Makers' Wage Board, uses the following language (the italics again are mine): "In many instances their actual living expenses are partly supplied by their fathers or other working male members of their families; that is, the self-supporting industries in which the male members of the family are at work are paying the cost of living not only for their own workers, but are supplying the deficits in the wages of the female workers in other industries who happen to be in the families of their own employees. Certain industries, employing large numbers of women living at home, are thus in a manner dependent on other industries paying higher wages, and are enabled to keep their pay rolls small because *the actual costs of conducting business are partially paid by other concerns*."

daughter for food, clothing, shelter, incidentals. And the father surely needs quite as much. For the three, then, we have \$24.00 a week as the minimum of subsistence. If the family consists of more than three, a still larger sum is the minimum. But any such figure is surely untenable, regarded as indicating what is absolutely needed for "decent subsistence." An income of \$24.00 a week means, for a working-class family, not only ample subsistence, but envied comfort. To say that the girl who is a member of such a family must have \$8.00 a week for bare subsistence is tantamount to saying that the family needs at least \$24.00 a week; whereas this sum is obviously much above the most liberally-calculated minimum. An income of \$15.00 a week has been set down in recent discussions as the sufficient minimum for the decent support of a family consisting of father, mother, and three children under fourteen.¹ This is a larger sum than is ordinarily got by the unskilled laborer or factory worker. An income of \$600.00 a year, or \$12.00 a week, is in fact as much as such a family can count on. But let the higher sum be taken for the purpose of the present simple reasoning. The family may be regarded as the equivalent of at least three adults — the three young children being counted as one adult. This means \$5.00 per adult. How can it be said, then, that the irreducible minimum for any *one* adult is as much as \$8.00?

Consider the situation from another point of view. Suppose that into the budget of a family whose head

¹ The family minimum depends of course on the make-up of the family, there is artificiality in the figures given for a "normal" family's minimum. Needs vary at different stages. The young workman, just married, gets on comfortably at the wages current. During later years, when children are half-grown there is the most trying stage. Still later, when the children begin to earn something, their earnings serve to ease the situation. A girl of sixteen who has sisters and brothers still younger, and who gets \$6.00 a week, contributes to the family more than her separate "keep"; and the inducement to push into employment the oldest child of such a family — girl or boy — is overpoweringly strong.

earns \$12.00 or \$15.00 a week, a girl brings an additional \$6.00. In a working-class family the difference between \$12.00 and \$18.00 a week is great; it is the difference between having hardly any margin at all and something like ease. It means that the family is well above the poverty line. Is the girl who brings in \$6.00 a parasite? Is she a drag or a prop? Or suppose that the young woman who has been bringing home \$6.00 a week drops from the family — dies or marries. The specific expenses entailed by her presence cease; her specific contribution to the family income also ceases. Is the family better off or worse? Neither parent would hesitate for a moment from answering that the family had lost, not gained. Can it be maintained that the young woman is a parasite?

The view that any wages for women below the sum usually figured as necessary for sole support — \$8.00 a week or thereabouts — are “parasitic,” seems to me misleading as regards the home-dwellers; that is, as regards the overwhelming majority, the dominant constituency. It is possible that even as regards the minority of lone and self-dependent women the current calculations are somewhat more liberal than is consistent with a strict minimum, or with the standards and ways of the class from which most women workers are recruited. Persons habituated to higher standards find it difficult to realize how bare are the absolute needs of those at the bottom; and the reckoning of a minimum of decent subsistence, when made by the more prosperous, may easily bring the total above the sum which the poor in fact find the minimum. But it is not chiefly on this score that the usual figures of minimum subsistence are to be corrected, or reinterpreted; this correction — if there be any — might not be serious. The main cause of the obvious discrepancy between the

minimum supposed to be applicable to all (home-dwellers included) and the smaller sum which in fact these home-dwellers and their families find a source of positive aid, is to be found in another direction. The calculation ignores the economy of family life. Three or five members of a family can subsist on an income which would not suffice if each were to lodge and feed separately. The family is the one permanently successful case of expense-reducing coöperation. The girl who earns \$6.00 a week and brings home that sum as a contribution to the family earnings adds to the joint resources more than she adds to the joint expenses.

It is best, therefore, to set aside the explanation of woman's wages from "parasitism," and to consider the situation without regard to the implications of this phrase. That situation, as analyzed in the preceding paragraphs, suggests a different and more tenable line of explanation for the meager wages of these girls and women. The circumstance that they live at home contributes immensely to swell the *numbers* offering themselves in the labor market and affects immensely the wages which they get; and it also affects the industrial quality of their work. Here we have what is, from the point of view of economic theory, the crux of the situation.

There is, I suppose, no proposition so universally accepted in economics as that the remuneration of persons in any labor-group depends directly on the numbers in that group. It is greater if the numbers are small, less if they are large. We usually try to state the causal connection with more precision by saying that the reward in any group depends on marginal desirability, or marginal serviceability, or marginal productivity.

Often we use the general phrase marginal utility, applying the same terminology as in the theory of value at large. Since labor in the last analysis yields simply "services" or "desirabilities" or "gratifications," just as material commodities do, the same principle holds. Often, too, stress is laid on marginal "productivity"; and the working of marginal productivity is said to be the same for labor of any particular kind as it is for labor at large or for the general rate of wages. On this last-mentioned point I am disposed to make reservations. If there is a determination of the general or average rate of wages by the marginal productivity of labor as compared with that of capital, it is different in its mode of operation from the determination of the wages of a given class of labor by the marginal contribution of the class. But there is no need, for the purposes of the present discussion, to consider whether this method of reasoning admits of sweeping application. It suffices that the influence of an addition to the supply of a particular commodity or a particular kind of labor is agreed to be the same. As the total supply increases, the successive increments become less prized, the price at which they can be disposed of falls, and thus the price of each unit of the supply falls. The business world calls this the operation of "the law of supply and demand," or the determination of the price of a thing by what it is "worth in the market." And it is a part of the same doctrine, of course, that the marginal price is that at which the entire supply can be disposed of. Fix a higher price, and all can not be sold; some units of supply not saleable at the higher price will be pressed on the market, and will cause the price to fall. The marginal price alone clears the market.

Now the general economic presumption is that when a given price has come to rule in a market, it is the price

fixed by the conditions of that market. If the wages of a particular kind of labor are low, as in the case of unskilled men, the explanation presumably is that there are many of them and the marginal desirability of their labor is small. If the wages of unskilled women are even lower, presumably it is because the marginal desirability of their labor is still smaller. Economists have speculated what consequences would ensue if ordinary muscular labor were scarce — if only a select few could handle the pick and the shovel and the plow; how much their labor would be desired and how high would be their wages!¹ And we might similarly make the hypothesis that but few women were in the labor market; then doubtless, it would appear that there were some tasks for which they were peculiarly fitted and peculiarly desirable; and the wages of the limited number would be comparatively high.

The number of women who offer their services in the market for the particular kind of labor we are here considering is large. Between the time when schooling ceases and the time when marriage ordinarily takes place there is a gap of some years. It may be disputable whether it is best that the women in this stage should so preponderantly seek work — on this, I shall say more presently. But seek it they do. They are not only numerous, they are also inexperienced; they offer unskilled labor; the marginal serviceability of their labor is low; and therefore their wages are low. *Prima facie* the explanation of their low wages is not in parasitism or in oppression, but in a simple economic situation. Whether it is unjust that their wages should be low, raises quite a different question; precisely as the question of justice in regard to the going rates for un-

¹ I would refer, e g., to my *Principles of Economics*, chapter 51, § 7, vol ii, p. 170.

skilled men's labor is different from that of its economic explanation.

It seems to follow, further, that to set a rate of wages higher than the going market rate, will not accomplish the object in view, or at least the main object desired — namely to bring up to the minimum *all* now employed at the lower rate. At higher wages not so many can find employment. And while the number demanded at these wages will be less, the number seeking employment is likely to be greater. Professor Persons has remarked ¹ that a certain number of women who are not now tempted to offer their services in the market will be tempted by the better pay. With less numbers demanded and larger numbers offering, there will be a selection of the more desirable, a rejection of the less desirable, non-employment for a certain proportion. How large the proportion of unemployed will be, must depend on the conformation of the demand schedule; but unemployed there will be, and hence failure to accomplish the desired object. Such seems to be the first and simplest application of economic theory to the case.

There are, however, qualifications and questionings. As in every economic problem, and above all in labor problems, we must try to make our general reasoning complete as well as severe. In two directions qualifications or modifications need to be considered. First, this labor is in demand not by itself, but jointly with other labor; and second, it is peculiarly weak in bargaining power.

As is the case with almost every sort of labor, the conditions are those of joint demand. Few kinds of labor are demanded by themselves; servants' work and

¹ See the article already referred to, in this Journal, vol xxix, p 228.

analogous direct service are the most conspicuous examples. Almost every kind of labor given to fashioning or vending commodities is employed in connection with labor of other kinds. In the factory as well as in the shop the poorly-paid women are employed in conjunction with men of all grades of skill and with women of the better-paid grades. Sometimes, as in candy and brush factories, the women of the lower grades form a large part of the labor force; more often they form a small part. It follows that often, indeed usually, a change in the women's wages makes a relatively small change in the employer's total wages bill, and makes an even smaller change in his total expenses. The percentage of increase in total expenses due to a rise in women's wages to a minimum of \$8.00 or \$8.50 has been figured out for sundry operations. Often it is a small fraction; the employer can easily afford to pay; how can it be maintained that any economic "laws" stand in the way?

I am skeptical, none the less. The same reasoning would apply to any one of the numberless factors that bear on the total expenses of production. No change in any one item is likely to affect at once the selling price of a product; almost any added charge comes at the start out of the employers' profits, and does not cause him to diminish the scale of his operations, still less suspend them. The employer is the buffer; it is through him that the impact of the industrial forces is transmitted to the rest of the economic mechanism; the first effect is that he absorbs the shocks. All of which is familiar enough. Yet we may be confident also — tho this is less often insisted on — that any change, even a small one, *if it be regularly repeated*, has its influence on calculation and on outcome, and comes to have its effect on prices as well as on profits. In all discussion of

this kind, we must distinguish between long-run and short-run consequences; and it need not be said that those which ensue in the long run are the more important. Now a sustained prescribed increase in the wages of any class of labor acts like a permanent excise, or a continued rise in the price of materials. These changes also do not immediately influence prices; they also may form a more or less insignificant fraction in the total expenses of production; they too are absorbed for a while by one or another of the chain of middlemen. Yet no one would pretend that all of them or any one of them can be disregarded because the employer will simply pocket the loss.

Still another consideration leads to skepticism as regards the negligibility of the change. There is a large possibility of substituting other labor for that of the women. As in the case of a commodity, the resort to possible substitutes must be considered, as well as the demand schedule for the commodity by itself. Higher wages for the unskilled women are likely to lead to more or less replacement by men, skilled or unskilled. Like the factor considered in the preceding paragraph, this one exerts its full influence only in the course of time; nor is it possible to say how great the influence will be. It would seem tolerably certain that at sundry points in the line of "marginal" employment, the existing equilibrium will be upset and rearrangements made in the combinations of different sorts of labor.

At this point it will be appropriate to consider another turn which the discussion often takes; one which also is supposed to point to the conclusion that the advance of all women's wages to the proposed minimum will be inconsequential, or at least will have no consequences outside the particular industry or industries. It will simply lead, we are told, to greater

efficiency. Sometimes it is said that the employers will mend their ways and improve their processes; sometimes that the women themselves will become more efficient. Are there grounds of general reasoning or general experience for expecting results such as these ?

The effect of legislative pressure (or other pressure) in inducing employers to adopt more efficient processes has been insisted on in various directions. A conspicuous recent illustration in this country is the contention that railways can meet heavy expenses or make up for low rates by bettering their transportation methods. Protected manufacturers, again, are often told that they can meet more severe foreign competition, resulting from lower tariff duties, by improving their processes or by better management. And so as regards minimum wages, whether for men or for women. Now in all these matters the presumption seems to be against the fulfilment of the optimistic expectations. Improvements in the arts come from the most various sources and in the most various ways. All sorts of possibilities are constantly being pressed on industrial managers. The inducement to secure an increase of profit or a lessening of loss is always keen — as keen, it would seem, as the range of intelligence and enterprise in the managing classes makes possible.

It is not to be denied that improvements are sometimes introduced under conditions of stress. The question is not whether this sometimes happens, but whether it usually and normally happens — whether there is a distinct tendency that heavier burdens will be more easily borne because of the concomitant development of greater strength. The proposition seems to me highly disputable. Perhaps there is a tendency to put into effect in hard times improvements *already known*, but neglected in the days of abundant profits.

On the other hand *the* stimulus to invention and progress is the prospect of making money and the sight of others making money. This is the case above all for those improvements in plant and machinery, involving heavy investment, which have been the most effective among the causes of material advancement. The problem is one of wide range; it raises far-reaching questions about the psychology of money-making and of invention; but surely it is the bait of profit rather than the threat of loss which has been the great motive factor in bringing about better plant, new machinery, more effective organization, increase in the productivity of industry.

A somewhat different contention on this score is that the employees themselves will become more efficient because of higher wages — stronger physically, more alert, perhaps more intelligent. Will this really occur? Needless to say, we must bear in mind here also the general situation, not individual cases. If a single factory or shop raises wages above the usual rate, it is likely to get the pick of the labor supply, and may find that the higher wages are so much offset by better work that they cause no loss, indeed prove to be a source of added gains. But *all* factories and shops cannot do this unless *all* employees become more efficient by virtue of getting higher pay. To say as much as this, is to hold the steam-engine theory of wages — to maintain that just as more power is got by putting more fuel under the boiler, more labor-power is got by putting more wages into human beings. Among theorists, the late Francis A. Walker was the first conspicuous proponent of the doctrine, which since his day has appeared sporadically in recent economic discussion. This much of truth there seems to be in it: better feeding sometimes causes men and women to be physi-

cally more robust; better training causes them to be more intelligent — if the training be really better; better conditions may cause them to be more alert and ambitious. These good effects *may* come from higher wages. Just how they come and how soon, and under what conditions, and with what certainty, cannot be said with any assurance. There is a complex of causes, a series of interactions, a difference between short-time and long-time effects. Much depends on the elimination of that portion among the workers — perhaps no small portion — who by nature or environment are incapable of responding to uplifting influences. Much depends on the intelligence with which the influences are guided — on the use of food and drink that are really nutritious, on education that is really helpful, on social conditions which in fact arouse alertness. As a general proposition, it would probably be nearest the truth to say that higher wages are ordinarily not the cause of greater effectiveness in industry, but its result; while yet it is true that under favoring conditions higher wages may also be *one* among causes of slowly-developing effectiveness. The influence of better pay on efficiency is neither certain or calculable; still less is it immediate.

In the main, we must face the probability that higher minimum wages for all the women affected will lead to readjustments extending beyond the industries themselves. They are not likely to be absorbed in the profits of employers simply because they constitute only one among the expenses of production. Neither are they likely to be offset by an increase in efficiency, certainly not by a corresponding and calculable increase. They seem likely to lead either to lessened profits or to higher prices of goods. Either consequence leads, again, to some curtailment in the scale of operations or

some employment of others to take the place of the women. Optimism about its making no difference after all should not blind us to these probabilities.

Turn now to another phase of the discussion. Are not the low wages of the women explicable simply on the ground that they are weak bargainers? Must not theories of marginal serviceability or vendibility be applied with extreme caution to such cases as these? Is there not mere exercise of power on the part of employers, to be counteracted by the exercise of power on the part of the state? In the books on economics we are constantly talking about the handicap placed on the workman by his lack of reserve funds, by his ignorance, by the perishability of labor, by the stress of need. Hence the occasion for labor organizations and labor legislation. Are not these considerations applicable with special force to the work and wages of women?

Beyond question the group of women receiving low wages are peculiarly weak in bargaining power. They are young, timid, ignorant; they are a shifting class; they are easily brow-beaten and bullied. Further, they are hampered as regards mobility. Since they usually live at home, they cannot seek work far from home, and are under pressure to accept whatever wages are offered on the spot.

General reasoning does not seem to be of much promise for questions of this sort. Such so-called "exceptions" or "qualifications" in the working of economic "laws" would appear to call for painstaking inquiry on the facts in each particular case, and for that sort of inquiry only. And yet there are some clues of a general character. Low wages, due to mere weakness in bargaining, may be expected to be accompanied

by other phenomena. One of these — perhaps the most significant — is unusual profit by the employer. If his gains — due allowance being made for risk, order of ability required, and so on — are not above the usual or competitive level, *he* cannot be said to take advantage of the employees' inability to bargain; he succumbs to the force of the market conditions. Low wages in that case are concomitant with low prices of the product; they are not a cause of "sweater's" profits. And low prices of the product are then the result of market conditions, of consumers' demand. If goods can be competitively sold only at a low price, the cause is that there are many of them as compared with consumers' estimates of their desirability; and then the explanation of low wages is to be found in that ultimate source already indicated — the marginal serviceability or vendibility of the particular kind of labor, and therefore in the *numbers* offering it in the market.

This sort of reasoning could be used with little hesitation if we had to deal with a simple case. If there were one kind of labor turning out one kind of product; if we found, for example, that women alone were employed in the making of candy; and if we found, further, that the employers took no more than the competitive capitalists' toll on the goods passing through their hands — then we should not hesitate to say that if low wages are paid to the women, they must be due to the low price at which the goods were sold, not to oppressive exercise of bargaining strength by the employers. The actual cases are, as I have already explained, highly complex. The women are employed in conjunction with all sorts of other workers, and their wages are but one link in the whole chain of expenses of production. In the constant irregularities of prices and profits, in the

partition of successive stages of industry between different groups of producers, there is room for bargaining power of which the consequences are not easily traced.

There is not, so far as I know, any body of evidence to show that profits in all or most of the industries which employ a considerable proportion of women are unusually high. It is often enough contended, indeed, that the profits are such that the proposed increase in wages can be afforded, or would make little difference. But this is not the same as to say that the existing scale leads in the majority of cases to profits exceptionally high. It is probable that exceptional gains from low wages of women do come under some circumstances; for instance, when an industry first betakes itself to a district where this sort of unskilled labor is abundant. Thus silk mills, in which light machinery almost automatic in operation has been introduced of late years, have moved to the anthracite district of Pennsylvania, and have employed with profit the grown and half-grown children of the miners. Candy-makers have similarly planted themselves in the heart of city factory districts. Those who took the first steps in such utilization of labor supplies very likely "exploited" them also; paid low wages and made high profits. Like other changes in the localization of industry, they would feel the levelling influences of competition only after the lapse of a considerable time. Yet transitional conditions of this sort are not the typical ones. Women's low wages are found for long periods in all sorts of places and in all sorts of industries; in cities and in regions where they have been employed for generations, in old industries as well as new. There is no evidence indicating that unusual profits have been reaped thereby over a wide range of industries. So far as this sort of evidence goes,

there is little to suggest that the low wages have been caused merely by bullying.

There is still another direction in which we may look for evidence of exploitation. If there are particularly low wages in one establishment among others of the same kind, or in a few among a considerable number, there is ground for suspecting that a "fair" market rate has been depressed by taking advantage of weakness. Cases of this sort were found in the investigations of the Massachusetts Commission on Minimum Wages, and in those of the New York Factory Investigating Commission. Variations from region to region (not from establishment to establishment) may constitute evidence of the same sort; here, however, to be used with caution, since local variations of wages are common, and are usually due to other causes than mere exercise of bargaining advantage. Standardization and a common rule would seem to be peculiarly called for; and it is somewhat surprising that comparatively little has been made of circumstances of this sort toward strengthening the arguments for legally-enforced minimum wages.

On the whole, the general indications do not lead me to believe that the factor here under consideration — weak bargaining power — is the chief one to bring about the low wages of women. No doubt it intensifies the situation. It stands in the way of organization, of mobility, of a holding to the market rate, of response by actual wages to conditions tending to raise the "current" market rate. It causes much to depend on the temper and character of the individual employer, especially as regards matters accessory to the main wages bargain, such as overtime payments, penalties and fines, charges for materials and for breakage. But the great outstanding fact in the situation — the low rate

of wages which is found year after year over a wide range of industries in all parts of the country — would seem to be explicable only on other and broader grounds.

The fundamental cause, we are forced to believe, is in the *numbers* of those seeking employment. And these numbers are part of the mass of unskilled workers whose pressure for employment so profoundly influences our industrial and social conditions in every direction. The low wages of factory women are indissolubly associated with the problems of immigration. The constant recruiting of the rank and file of unskilled workers by the inflowing army of immigrants keeps wages in this bottom range peculiarly low in the United States. The wages are higher than for the same class in the countries whence the immigrants come, they are low relatively to the general American scale of income and prosperity. It has often been remarked that the gap between the wages of skilled and unskilled labor is, in the United States, greater than elsewhere — greater than in old countries like England and Germany, greater than in Australia, a new country whose conditions are not unlike our own. Relatively, the American day laborer and factory hand is not so well-paid as the skilled mechanic or the farmer. And the explanation is that the continued immigration of vast numbers has kept the bottom wages group full and over-full. I will not undertake here to consider whether the average rate for all American laborers of every kind (including farmers) has been lowered or raised in consequence of immigration — whether the total national dividend per worker has become smaller or larger. That difficult question, as I noted at the outset, has been argued by the economists as sparingly as other general questions on which theory might be expected to facilitate the

answer. But as regards the wages of the particular class here under discussion — the ordinary unskilled manual workmen — the influence of immigration seems beyond dispute. Every one knows that throughout the manufacturing and urban districts most of these are immigrants, and the rest mainly the children of immigrants; and that the immigrant population sets the wages standards for the entire group. It is their large numbers and the constant recruiting of their numbers that cause wages to be as low as they are.

And it is their daughters who constitute the great army of women workers competing for employment in factories and shops. The wages which the parents get attract them in great numbers to the United States; the wages which the young women get attract them in great numbers to the shops and factories. The multitude which thus bids for employment in the entire field brings about current rates of remuneration which serve on the whole to "clear the market." Rates distinctly higher would cause more applicants to offer their services, and would cause less to be employed. The economic theory of the case is simple: the only effective remedy for the low wages of a particular class of workers is a decline in the numbers offering themselves for the particular sort of employment.

When it is said that higher rates of wages would cause less to be employed — that the demand, *i. e.*, the number demanded, would be less at a higher rate than at a lower — the proposition must be taken in the same sense and with the same qualifications as in the case of a commodity. Much depends on the closeness of the connection with the consumers. A rise in the price of sugar, for example, has its effect in reducing the quantity demanded with promptness and almost with cal-

culable extent. Similarly, a rise in the wages of domestic servants — an increase, say by legal requirement, of 25 per cent over the rates now current — would lessen the number employed with promptness, and, I should suppose, to a considerable extent. A rise in the price of wool, on the other hand, would be transmitted to consumers through the cloth manufacturers, and the clothing makers, and the wholesale and retail dealers; the effect would be slow in reaching consumers, and might be obscured because of the simultaneous influence of other changes; it would probably be complicated by some resort to substitutes for wool. In the same way, a rise in the wages of women in paper box factories would also have to reach consumers through the effect first on the box manufacturers, and then on the other producers and merchants who are the first purchasers of the boxes; and it too would be complicated by the possible substitution of other workers for women and by that of other wrappings in place of boxes. The essential question is about the slow-working influence of continuing pressure. As regards both the wages of women and the prices of boxes, we must consider the consequences not of a sporadic change here and there, but of one affecting all enterprises throughout the country. What would happen if legislation should try to apply to the wages of *all* women a minimum of say \$8.00 a week — the sort of standard rate that is commonly proposed?

The answer to this question on general reasoning would seem clearly to be that not all the women would continue to be employed. The numbers offering their services in the market would rise; it is a peculiarly elastic kind of labor supply. On the other hand, the number demanded in industry at the higher rate would be less. The more efficient (or more tractable) would be culled out and first employed. Others, of the common

run, would be retained in certain operations for which they were serviceable and profitable even at the higher rate. But there would be a residuum — how large a proportion, it is impossible to say, but doubtless considerable — not employed at all.

But here still another question presents itself. Perhaps it is *desirable* that a certain number — conceivably a large number — should be thrust out of employment. Those so affected would be the less efficient and less serviceable. One of the outstanding aspects of the situation is the large number of young women who work fitfully and sporadically, drifting from job to job. They have no training, no vocational skill, no ambition. They earn something during the busy season, and do little or nothing at the slack periods. Their presence and their availability during the busy times tend to accentuate the irregularity of industry. Hence the suggestion that they be deliberately kept out of the working ranks. This could be accomplished by two measures — first, raising the age at which employment shall be permitted, say from sixteen years to eighteen; and second, forbidding absolutely any employment at less than the “living” wage and thus automatically shutting out those not employable at that rate. To such a policy there would admittedly have to be added something more: provision for the further and better education of this class, not only for higher culture, but for industrial and domestic work.

The program is attractive; it cannot but command sympathy. But the difficulties in the way must not be underrated. An effective remodeling of the educational system of a community is a most difficult thing to bring about — not only difficult to plan and provide, but difficult to fit into the wishes, the habits, and not least

the needs of the backward constituency. Such a readjustment as is contemplated means a great extension of secondary education, a complete overhauling of its content, an immense increase in the number of pupils. It means further that the period during which the young women must be supported by their parents is lengthened, and lengthened too at the time when the separable expenses of maintaining them have reached the maximum. The economic strain must be great so long as the current wages of men (heads of families) remain at their present level. It would be necessary to reckon with the pressure to reach the stage of earning something, the temptation to evasion, the unpopularity even of well-devised uplift education — not to mention the inadequacy of the traditional ways of secondary schools, so tenaciously clung to by the teaching profession and the school authorities. The road to be traveled is a long one, and for a considerable time the situation must be dealt with as it is, not as we wish that it may come to be in the future.

A further difficult question remains. Assume that the fitful, untrained, indifferent women are got rid of; that all who offer themselves for work at the age of (say) eighteen years have had an industrially helpful education; assume that all the workers in the market are in this sense efficient — will all of them then be able to get distinctly higher wages than are now current? Perhaps; but not certainly. General economic reasoning would suggest that wages depend not on personal efficiency, but on the numbers possessing the efficiency — that is, on *marginal* effectiveness or serviceability. Double the numbers of a group of workers having a given training, and their wages will go down even tho their training has been excellent. The net usefulness or effectiveness of any one such worker becomes less. And

even if you maintain the numbers of a given group at the same figure, and improve the training and personal efficiency of all, their wages will not necessarily rise. To make effective the new potentialities, there must be different organization and different equipment — a response in the managerial situation. The whole problem of the relation between vocational training and individual skill on the one hand, and industrial output on the other, is a tangled and troublesome one. I will refer here only to one common source of error and of undue optimism: a confusion between the effect of trade training on an individual and its effect on an entire group. Equip a single boy or a few boys for a well-paid trade, and higher wages will be got by these few. Equip a great many boys for such a trade, and the rate of wages in the trade may go down. Computations are sometimes made of the profitableness of trade training. It is figured out that the return in enhanced wages, compared with the expense of education, amounts to a magnificent profit on the investment. But it is forgotten that if a multitude get the training, the wages will be much less enhanced, conceivably not enhanced at all. Equip a small or a moderate number of young women for skilled, responsible, steady work, and they will get higher pay than before. Equip all the young women of the same class and the same age-groups for such work, and they will get pay not so much higher, conceivably not higher at all. The same proposition holds good here as in the cases of new machinery, great inventions, improved organization, scientific management. When confined to a few, and during the earlier stages, all these bring profit to the producers; when of universal application, they redound to the benefit of the community at large, and the producers get their share only as consumers and only to the same extent as other consumers.

In the preceding pages attention has been given chiefly to the case of the women who live at home and are members of a family group — the great majority. What of the minority, one-quarter or one-fifth of the total, who do not have the advantage of family life and family coöperation, who must make their own budget?

Information about the condition of these self-dependent women is not as full as could be wished. It seems probable, however, that not many of them are in the lowest-paid group. Their wages appear to be usually above the lowest rates, and above the average. The women who must make their way alone are in the main identical with the minority who get the better rates of pay and earn enough for independent living.¹ This result is indeed to be expected. The stress of need leads to more sustained exertion, more professional exertion, so to speak. In the opinion of well-informed and sympathetic observers, there is no good ground for the impression that it is prostitution which serves to eke out the receipts of the single woman. The connection of prostitution with low earnings is undeniable and indeed obvious; but the connection runs through the entire stratum of the poor, and is not especially noticeable in the case of the women quite dependent on their own exertions. These seem usually to earn enough to get along, and are no more likely to sell themselves than other women of similar antecedents and environment.

But, when all is said, the lot of the lone woman is hard. Among them there must be no small number of individuals whose case is pitiable. Their situation, like that of the women who have to support other dependents, brings out sharply and sadly the conflict between the two opposing principles of justice in distribution —

¹ This conclusion — better stated to be an impression — I derive from conversation with social workers, members of commissions, and others close to the situation. Further inquiry on the point is much to be desired.

the principle of need and that of efficiency. Our system of private property and competitive wages and prices bases earnings on the latter principle: to each according to his contribution. The insistent altruistic sentiment, the feeling of the larger self, rebels recurrently against the rigor of the established rule, and would mitigate it, or replace it by the other: to each according to his needs. So it is as regards the lone woman, the widow who has children to support, the older or younger woman who is the sole prop of a forlorn family. The need is great, even tho efficiency be slight.

Unfortunately, a prescription of minimum wages on the basis of "proper" independent support — the elimination of what is called parasitism — would not be specially effective in helping *these* women. They might or might not be among those retained in work, might or might not be among those left unemployed. I cannot but believe that for them we must turn to other measures, both palliative and curative. For the younger women, beyond question we need helpful education and helpful extension of the period of training. To them, also, charity can be extended, particularly in the provision of decent lodging at prices within their means. Among their problems, that of proper housing seems to be quite the most serious — morally, as well as for mere shelter and space. I can see no better opportunity for the sympathetic spirit than in well-devised accommodations for this special class. For the older women, widows' pensions, dependents' pensions, infirmity insurance — the various forms of wide provision by public authority for unavoidable calamities — loom up among the desiderata of the future. The feasibility of all such legislation depends on the perfecting of political and administrative machinery; a most urgent task, difficult to achieve,

inextricably bound up with all the defects of democracy, deserving the attention and the devotion of the social reformer.

The preceding discussion seems to justify a warning that there is need of going slow in the regulation of women's wages. More particularly there is need of caution in applying, as the standard for determining all wages, the amount needed by the independent women. The "parasitic" interpretation of the situation is unwarranted. The women workers are not a drain on their families, or on other industries, or on the community at large. It is precisely at this point that the campaign now being carried on in the United States is vulnerable. I cannot but believe that an attempt to apply on a sweeping scale the principle of abolishing "parasitism" must before long break down in practice. The real question is not whether the young women fail to contribute anything to their families or to the national dividend — they do contribute — but how their contribution can be made larger and how they can secure a larger share of the national dividend. The plain facts of the situation must be faced. The immense majority of women who work in factories and like employments do *not* need as a minimum any such wages as the commissions now at work are asked to prescribe. To prohibit their employment except on this basis — to require that every woman at work should receive some such sum as \$8.00 a week — would not bring about the employment of all at any such rate, but a reduction of the number employed and a failure to attain the desired end.

This by no means leads to a rejection of public regulation or a denial of the usefulness and desirability of wages boards. The considerations adduced in preceding

pages do not point to the good old policy of *laissez faire*. It may well be that there is need of regulating and protecting the wages of women, and of prescribing minimum rates for those in the lowest group. The conditions of their employment are such as to lead easily to "unfair" wages — wages kept low by taking advantage of timidity, ignorance, lack of mobility, lack of bargaining power. The lack of standardization, and the divergent rates of pay under similar conditions, point strongly to haphazard influences of this sort. Collective bargaining through organization, difficult enough for the more independent and better-trained women, is almost out of the question for the lowest group. A public commission can act as a regulating and standardizing body, striving to eliminate the wage-depressing employer and bringing about the best terms which the social and industrial situation as a whole permits. And such a body, by the very fact of its existence, must be expected to exert its influence for the mitigation of the lot of the poor and weak, and therefore, within the debatable zone, for an upward trend of wages. Its aim must be to press up, not to keep down.

It may be asked what standard a wages board can set up if no absolute minimum is to be applied. The single-woman minimum is calculable and ascertainable — something on which figures can be got and a precise basis for action secured. How fix a minimum for the girls and women whose expenses are to be allocated in a family budget? The task would seem to be as hopeless as that of ascertaining the separate supply price of one among a group of commodities produced at joint cost. The answer must be that the problem is difficult, and that no simple rule is at hand for solving it. A wages commission or board not committed to the standard of

separate support would have to proceed by rule of thumb — by standardizing rates of pay not very greatly removed from those found in representative establishments of better grade and by watching how the prescribed rates operate from time to time. It would have to proceed cautiously and slowly, even tho sympathetically. Virtually this is what every wages board does, whatever the supposed basis of precise action. We make pretences when we say or imply that there are rigid principles on which to rest such determinations. Even for men, minimum wages or minimum expenses of living are in reality shifting and relative things. The supposed fixed amounts vary from place to place and from generation to generation. It is all in the domain of opportunism.

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